

IRS News Release

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Phase-Out Credit for Toyota and Lexus Hybrids Continues With Reporting of Second Quarter Sales

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WASHINGTON — After reviewing the second quarter 2007 sales of Toyota Motor Sales USA Inc., the Internal Revenue Service announced that purchasers of qualifying Toyota and Lexus vehicles may continue to claim the Alternative Motor Vehicle Credit. Given the number of vehicles sold, the phase out period for Toyota vehicles began on Oct. 1, 2006.

Toyota sold 70,641 qualifying vehicles to retail dealers in the quarter ending June 30, 2007. This brings the cumulative sales of qualified Toyota hybrid vehicles sold from the period of Jan. 1, 2006, through June 30, 2007, to 344,083.

Taxpayers may claim the full amount of the credit up to the end of the first calendar quarter after the quarter in which the manufacturer records its sale of the 60,000th qualified vehicle. The sale of Toyota's 60,000th qualified vehicle occurred in the quarter ending June 30, 2006. Therefore, for qualifying vehicles purchased between Oct. 1, 2006, and March 31, 2007, consumers may claim 50% of the credit amount. Consumers who purchase qualifying vehicles between April 1, 2007, and Sept. 30, 2007, may only claim 25% of the credit amount.

No credit is allowed after September 30, 2007

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The applicable credit amounts are as follows:

Qualifying Vehicle by Model Year, Make and Model	Full Credit When Purchased By 9/30/06	Reduced Credit When Purchased From 10/1/06 Through 3/31/07	Reduced Credit When Purchased From 4/1/07 Through 9/30/07	No Credit When Purchased After 9/31/07
05, 06 and 07 Toyota Prius	\$3,150	\$1,575	\$787.50	\$0
06 and 07 Toyota Highlander 2WD and 4WD	\$2,600	\$1,300	\$650	\$0
07 Toyota Camry Hybrid	\$2,600	\$1,300	\$650	\$0
06 and 07 Lexus RX 400h 2WD and 4WD	\$2,200	\$1,100	\$550	\$0
07 Lexus GS450h	\$1,550	\$775	\$387.50	\$0

More information on hybrid vehicles and other alternative motor vehicles can be found on the IRS Web site at IRS.gov.

